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INFO AMEMBASSY BONN

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SUBJECT: IEA NUCLEAR REVIEW OF GERMANY

1. THE FEDERAL REPUBLIC HAS AN AMBITIOUS NUCLEAR POWER PROGRAM UNDERWAY. TEN REACTORS ARE PRESENTLY ON-STREAM, ALTHOUGH ONLY EIGHT OF THEM ARE GENERATING SIGNIFICANT AMOUNTS OF ELECTRICITY. ALTHOUGH IT IS NOT CLEAR FROM THE GERMAN SUBMISSION TO THE QUESTIONNAIRE, OTHER SOURCES INDICATE THAT AN ADDITIONAL 13 PLANTS (12.8 GWE CAPACITY) ARE UNDER CONSTRUCTION AND DUE ON-STREAM DURING THE PERIOD 1975-85. THE GERMAN SUBMISSION INDICATES THAT AN UNSPECIFIED NUMBER OF PLANTS TOTALLING 32 GWE ARE UNDER CONSTRUCTION TO BE ON-STREAM BY 1985 AND THIS DISCREPANCY REQUIRES CLARIFICATION.

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2. THE GERMAN GOVERNMENT IN THEIR PRESENT SUBMISSION

FORECASTS 20 GWE INSTALLED CAPACITY TO BE ON-STREAM BY 1980. IN VIEW OF THE FACT THAT 3 GWE OF THIS CAPACITY IS STILL IN THE PLANNING STAGE IT IS VIRTUALLY CERTAIN THAT THE BEST THAT CAN BE HOPED FOR IS 17 GWE TOTAL NUCLEAR INSTALLED CAPACITY BY THAT DATE. THIS OF COURSE ASSUMES THAT NO ADDITIONAL DELAYS WILL OCCUR IN PRESENT CONSTRUCTION PROGRAMS. FOR 1985 THE GERMAN LOW ESTIMATE FOR INSTALLED NUCLEAR CAPACITY OF 35 GWE APPEARS ATTAINABLE. HOWEVER, THIS TARGET ALSO COULD BE IN DOUBT FOR THE FOLLOWING REASONS: THE PRESENT 1974-75 ELECTRICITY DEMAND GROWTH RATE IN GERMANY IS REPORTED TO BE ZERO; ENVIRONMENTAL OPPOSITION TO CONSTRUCTION OF THE PLANT AT WHYL WAS INTENSE PROBABLY DELAYING CONSTRUCTION AT THAT SITE; THERE IS A SURPLUS OF ENERGY IN GERMANY AT THE PRESENT WITH A NUMBER OF NEW ELECTRICITY GENERATING STATIONS BEING GAS FIRED, ALL FACTORS WHICH MAY MAKE INVESTORS MORE CAUTIOUS IN THE SHORT RUN IN THEIR APPROACHES TO 1985. AN ADDITIONAL FACTOR THAT MAY HAVE SOME BEARING ON 1985 IS THE RECENT CONCLUSION OF A TRILATERAL SWAP DEAL BETWEEN IRAN, USSR AND GERMANY FOR NATURAL GAS. IT IS UNCLEAR AS TO HOW THIS NATURAL GAS WILL BE UTILIZED IN GERMANY, GIVEN THE VOLUMES INVOLVED AND THE SIZE OF THE GERMAN MARKET. WE SHOULD PURSUE THESE QUESTIONS IN THE REVIEW, ESPECIALLY ASKING IF THE GERMAN GOVERNMENT EXPECT TO USE SOME OF THIS GAS IN ELECTRICAL GENERATING STATIONS AND WHAT IMPACT THIS WOULD HAVE ON ITS NUCLEAR PROGRAM. WOULD THIS BE CONSISTENT WITH PRESENT EEC REGULATIONS PROHIBITING CONSTRUCTION OF NEW LARGE GAS-FIRED PLANTS? THE GERMAN SUBMISSION INDICATES A FORECASTED ANNUAL ELECTRICITY DEMAND GROWTH RATE OF 6.7 - 7 FOR THE PERIOD 1980-85. IN ANOTHER STATEMENT THE ELECTRICITY INDUSTRY HAS PREDICTED A 5 INCREASE, A FIGURE WE BELIEVE MORE PROBABLE. UNFORTUNATELY THE PRESENT GERMAN SUBMISSION DOES NOT INCLUDE ANY GDP ASSUMPTIONS OR ASSUMPTIONS FOR OTHER PERIODS. THE SECRETARIAT ASKED FOR THESE FIGURES BUT SO FAR THEY HAVE NOT BEEN FORTHCOMING. THE SHARE OF NUCLEAR AS A PERCENT OF INCREMENTAL INCREASE IN TOTAL INSTALLED NUCLEAR CAPACITY IS FOR THE PERIOD 1975-80 67.2 IN THE HIGH CASE AND LIMITED OFFICIAL USE

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74 IN THE LOW. FOR THE PERIOD 1980-85 THE FIGURES ARE REVERSED WITH THE HIGH CASE BEING 60 AND THE LOW 42.5. HOWEVER IN 1985 THE DIFFERENCE BETWEEN THE HIGH AND LOW FORECASTS FOR TOTAL INSTALLED CAPACITY CORRESPONDS TO THE DIFFERENCE BETWEEN THE HIGH AND LOW FORECASTS FOR NUCLEAR INSTALLED CAPACITY, I.E. 15 GWE. HOWEVER THE ELECTRICITY GENERATED FIGURE VARIES BETWEEN 40 TWH FOR TOTAL AND 20 TWH FOR NUCLEAR. WE

NEED TO CLARIFY GERMAN THINKING ON THIS QUESTION
FOCUSSING ON PLANS FOR OTHER TYPES OF POWER PLANTS,
THE IMPACT ANY SLOW DOWN IN THE PROGRAM WILL HAVE ON L985
TOTAL INSTALLED CAPACITY AND THE VARIANCE IN FORECASTS
FOR ELECTRICITY GENERATED.

3. PRACTICABILITY OF THE PROGRAM: IN THE FIRST
REVISION OF THE ENERGY POLICY PROGRAM FOR THE FEDERAL
REPUBLIC OF GERMANY, PUBLISHED IN 1974, THE
GERMAN GOVERNMENT SET AS A GOAL 50 GWE FOR 1985 PRO-
DUCING 45 OF ELECTRICITY GENERATED. THE SAME RATIO

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APPLIES IN THE LOW CASE. IN THE PRESENT SUBMISSION THIS
ESTIMATE STILL STANDS FOR HIGH CASE ALTHOUGH THE GERMAN
OIL INDUSTRY ESTIMATES THAT ITS FORECAST OF 45 GWE WILL

PRODUCE ONLY 14 OF ELECTRICITY GENERATED IN 1985.
SINCE THE SECRETARIAT DOES NOT KNOW THE LOAD FACTORS
ASSIGNED BY EITHER GROUP, WE SHOULD PURSUE THE
METHODOLOGY OF GERMAN FORECASTING IN SOME DETAIL.

4. IN ADDITION WE HAVE RECEIVED NO INFORMATION FROM
THE GERMAN GOVERNMENT ON CONSTRUCTION DELAYS AND WE
NEED TO PURSUE THIS IN SOME DETAIL. IN THIS REGARD,
IN ITS NOVEMBER 1974 PLAN THE GERMANS ANNOUNCED THEIR
INTENTION TO TAKE THE FOLLOWING STEPS TO SHORTEN
PLANNING AND CONSTRUCTION TIMES:

- CONSULTATIONS BETWEEN BUILDERS AND OPERATORS ON THE
STANDARDISATION OF POWER STATIONS;
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- STREAMLINING APPROVAL PROCEDURES BY STATE
AUTHORITIES;
- URGING LOCAL AUTHORITIES TO ANTICIPATE SITING PROBLEMS
AND TAKE STEPS TO APPROPRIATE THE NECESSARY SITES.

5. THE 1974 PROGRAM ALSO TOUCHES ON FINANCING PROBLEMS
FACING GERMAN UTILITIES AND NOTES THAT THE GOVERNMENT
IS STUDYING WAYS IN WHICH TO IMPROVE DEPRECIATION
RATES FOR THE INDUSTRY. WE SHOULD PURSUE THIS QUESTION
IN CONNECTION WITH THE LARGER FINANCIAL ISSUES INVOLVED.
QUESTIONS: THE GENERAL QUESTIONS NOTED BELOW, WHILE
DRAFTS FOR ALL COUNTRIES, HAVE A SPECIFIC BEARING ON
THE GERMAN SITUATION.

(A) HOW ARE FORECASTS MADE?

(B) IS PLANNING AND CONSTRUCTION LEAD TIME LENGTHENING
OR SHORTENING?

(C) WHAT ARE THE ESTIMATES OF FUTURE LEAD TIMES?

(D) IS THERE MUCH VARIANCE IN LEAD TIMES DEPENDING ON
LOCATION OR PLANT DESIGN?

(E) HOW MANY PLANT LICENSES APPLICATIONS ARE PENDING
AND WHAT IS THEIR TOTAL CAPACITY?

(F) HOW MANY LICENSE APPLICATIONS WILL BE MADE THIS
YEAR AND HOW MANY OF THESE AND PREVIOUS APPLICATIONS
DO YOU ANTICIPATE WILL BE APPROVED IN 1976?

(G) OF PLANNED CAPACITY, IN WHICH CONSTRUCTION HAS NOT
YET STARTED, HOW MANY FACILITIES HAVE HAD SITES
SELECTED? WHAT IS LEAD TIME ONCE SITES ARE SELECTED?

(H) HAVE ANY NEW ENVIRONMENTAL REGULATIONS BEEN INTRO-
DUCED SINCE THE LAST NUCLEAR SITE WAS APPROVED?

(I) WHAT PROPORTION OF THE NUCLEAR PROGRAM CAN BE MET
BY EXPANDING EXISTING SITES?

(J) OF PLANTS NOW UNDER CONSTRUCTION, WHAT PERCENTAGE
HAVE BEEN FINANCED FROM EXTERNAL FUNDS?

(K) HOW IS THE PROPOSED NUCLEAR PROGRAM TO BE FINANCED?
WILL FUNDS BE GENERATED BY INTERNAL CASH FLOW, DOMESTIC
FINANCING OR EXTERNAL FINANCING?

(L) IF THE COUNTRY HAS REDUCED THEIR FORECAST OF
ELECTRICITY DEMAND GROWTH, WHAT ARE THE REASONS FOR
THE REVISION?

(M) IF THE COUNTRY HAS REDUCED THE FORECAST OF NUCLEAR
CAPACITY, WHAT ARE THE REASONS FOR THE REVISION?

(N) WHAT EXPLANATION IS GIVEN FOR THE DIFFERENCE
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BETWEEN HIGH AND LOW DEMAND AND CAPACITY FORECASTS?

(O) ARE FUEL SUPPLIES CONSIDERED A PROBLEM?

(P) IF THE COUNTRY DOES NOT HAVE FUEL CONTRACTED FOR
THEIR PROGRAM, DO THEY HAVE PROVISIONAL SUPPLIERS
LOCATED?

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(Q) HOW WERE CATEGORIES LISTED ON TABLE II UTILIZED
AND WHAT CONSIDERATIONS WERE USED IN SELECTING ONE
CATEGORY OVER ANOTHER?

6. IN ADDITION WE SHOULD PERUSE THE SPECIFIC
QUESTIONS RAISED IN PARTS ONE AND TWO OF THIS PAPER.
IN ADDITION WE NEED THE FOLLOWING:

I. THE GERMAN REPRESENTATIVE SHOULD BE AGAIN
REQUESTED TO COMPLETE TABLE III.

II. WHAT PROGRESS HAS BEEN MADE SINCE 1974 IN:

(A) STANDARDISATION AND REDUCTION ON CONSTRUCTION TIME.

(B) STREAMLINING THE LAND LICENSING AUTHORITIES'
APPROVAL PROCEDURES.

(C) IMPROVING FINANCING FOR UTILITIES.

(D) STATE AND LOCAL AUTHORITIES SELECTION OF SITES IN
ANTICIPATION OF NEW PLANTS BEING CONSTRUCTED.

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(E) GENERAL REDUCTION IN TWO-YEAR DELAY PERIOD FOR
COMING ON-STREAM.

7. FINALLY THE FOURTH NUCLEAR ENERGY PROGRAM PROVIDED
DM 6 BILLION FOR 1973-76 FOR NUCLEAR PROGRAMS. WHAT
IS THE LEVEL OF THE PRESENT PROGRAM AND FOR WHAT
PURPOSES IS THIS MONEY OBLIGATED?

8. AT PRESENT US TENTATIVELY SCHEDULED TO REVIEW
GERMANY ON TUESDAY MORNING 17TH FEBRUARY 1976.
TURNER

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